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Ariz. Treasurer: State's Spendable Cash Runs Out in May



Arizona has not slowed its rate of spending despite the current budget crisis and will be out of money by May, according to State Treasurer Dean Martin.

Martin said Tuesday that the state is spending \$29 million a day, and the general fund will be exhausted within six weeks.

At the current spending rate, the general fund has only enough revenue to make one more payment to schools and perhaps cover the state payroll for three more pay days, he said.

Over the next 16 months, the budget deficit could top \$3 billion, Martin said, adding that he tried to warn lawmakers last year about a cooling economy.

``They assumed the revenues were going to be better than they were the year before," he said. ``And obviously, that didn't happen. It's worse. The spending kept going even though the economy didn't."

Martin repeated his call for a revised 2008 budget -- an idea that prompted Gov. Janet Napolitano to call him ``chicken little" last week.

The state could be more than \$3 billion in the hole within 18 months, Martin said.

``It is the worst shortfall, I believe, the state has seen, in percentage and dollar amount. By dollar amount, it's the worst ever. By percentage, it's probably in the top two or three in the state's history."

Martin added, ``It's easy to get out of a couple of hundred-million dollar shortfall, even half-a-million dollar shortfall you can deal with," but he said \$3 billion will be a real problem.

Without immediate intervention by the governor and legislature to revise the budget, the general fund will be overdrawn as soon as April 23 and no later than May 5, Martin said.

At that point, he said, ``The question is can the executive branch, can the governor and her accounting office, continue to issue warrants once the account reaches zero for the year? That's a legal question that's never been answered."

by Jim Cross/KTAR